

School Facilities Working Group (SFWG)

Report to Town Meeting

May 15, 2008

SFWG MEMBERSHIP

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SUMMARY

In the town-wide referenda of 1998 and 2000, Arlington approved the rebuilding and/or renovation of its seven neighborhood elementary schools. As of early 2006, five of those schools had been completed, but for a number of reasons the last two schools – Thompson and Stratton – are still waiting. The School Facilities Working Group (SFWG) has been charged with diligently exploring the options to complete these rebuilding projects.

It is now clear that the new Massachusetts School Building Authority (MSBA) will not fund the complete rebuilding of these two schools, but it might support certain as-yet unspecified upgrades and repairs at Thompson. With the uncertainty around state assistance diminishing, Arlington must now work to find the most cost-effective alternative that will enable us to meet the educational, structural and community needs of the Thompson and Stratton schools. The SFWG supports the Capital Planning Committee's (CPC's) proposed strategy to fund significant improvements at both the Stratton and Thompson over the next five to ten years, by massing all the financial resources available in Arlington, while continuing to seek support from the MSBA for upgrades at Thompson.

Accomplishments in 2007-08

1. **Project Scope:** As described above, SFWG began to identify what is possible at Stratton and Thompson, and what is acceptable to those two communities and Arlington as a whole.
2. **Funding Strategy:** SFWG worked with the CPC to develop a preliminary strategy to amass over \$10 million in funding to support capital improvements at these schools.
3. **Capital Program:** SFWG supported the CPC and Finance Committee's development of a \$2.7 million/10 year non-exempt capital program - a component of the new funding strategy.
4. **Disposition of Assets:** SFWG supports the sale of certain surplus town buildings to obtain funds for these school renovations, another component of the new funding strategy that was originally proposed by Selectman Hurd, and espoused by the Town Manager and others.
5. **State Assistance:** SFWG members met with the MSBA, establishing a path forward and building the relationships necessary to secure partial funding for the Thompson school.

Recommendations for 2008-09

1. Work to secure funding from the MSBA for upgrades at Thompson, by demonstrating how critical a renovated Thompson school is to meeting Arlington's educational needs.
2. Appropriate funds for a feasibility study (definition of project scope) for Thompson and Stratton.
3. Create a 10-year "needs and solutions" capital project scope for both the Thompson and Stratton, in conjunction with the MSBA, outside professionals, and the community.
4. Continue to invest non-exempt capital in upgrades to the Stratton and Thompson facilities, at the FY08 level of \$270,000.
5. Study alternatives for disposition of the Crosby and Parmenter school buildings, to provide needed funds for the Thompson and Stratton renovation projects.

1. INTRODUCTION

Over the past two years, things have begun to move on the Thompson and Stratton projects, and the momentum is building. While there is still much to be determined and decided, 2007-08 has seen accomplishments in the following areas:

- **Capital Investment:** The 2006 Town Meeting appropriated \$30,000 for infrastructure improvements and \$250,000 for information technology upgrades at these two schools in FY07. The 2007 Town Meeting appropriated \$270,000 in the FY08 capital budget specifically for upgrades to Stratton and Thompson, and another \$280,000 for general school improvements. This past year, the School Department, working with the Principals, school councils, and community organizations, developed plans for this FY08 funding and is in the process of executing those plans.
- **State Support:** In November, the Massachusetts School Building Authority (MSBA) announced the disposition of the over 420 Statements of Interest (SOIs) it had received for assistance from the municipalities of the Commonwealth. In so doing, MSBA provided a new level of detail on how it plans to operate over the next 5-10 years. While Arlington's SOIs for reconstruction of Thompson, Stratton, and the High School were not among the 83 selected to move to the next step in the funding process, MSBA did agree that Thompson is worth a second look, and told us that Thompson is in its 5 year capital pipeline. It is possible that some form of state support for renovations at Thompson will be part of MSBA's current 5 year rolling capital plan.
- **Way Forward:** SFWG began to look at concrete alternatives to address the educational, structural, and community needs associated with these two schools. The School Department proposed an approach that "super-sizes" the capital investment in the existing buildings, replacing or upgrading major systems like HVAC, roof, windows, etc., as well as upgrading the look and feel of the buildings to a standard similar to the five rebuilt elementary schools – without moving walls or changing building footprints. The Board of Selectmen, Treasurer, Town Manager, and others worked with the Capital Planning Committee to develop a funding concept to support this approach that aggregates funds from available sources, including MSBA and the prior debt exclusions.

These are all positive developments for Arlington. However, there is still much work to be done, and much that we do not know.

- The MSBA is in the process of conducting its assessment of space needs, with inputs from Arlington. The School Department projects enrollment growth, based on demographics and new initiatives in in-district Special Education, that will create a need for additional classrooms in the future that could outstrip the capacity of the schools we have. We must work aggressively to ensure this message is received by the MSBA.
- The MSBA has not yet decided whether it will support a project at Thompson in its current 5 year capital pipeline. Arlington must focus all our resources on convincing the MSBA that we deserve its help with Thompson.

- If the MSBA does approve a project at Thompson, we don't know how much assistance will come, or precisely when it will happen.
- While we have a conceptual approach to renovations at Stratton and Thompson, we do not have a detailed, needs-based project scope defined for either school.
- We do not know how far the funding we might amass – over \$10 million by the Capital Planning Committee's current rough estimate – will go toward meeting the needs of Stratton and Thompson.

For Arlington, and particularly the Thompson and Stratton communities, 2008-09 will be a planning year. Working with the community, MSBA, and contracted professionals, the SFWG will refine and add detail to the general approach developed this year. Our planning will focus on addressing educational and structural deficiencies, and community needs and desires. Meanwhile, with Town Meeting's approval, the capital investment in both schools will continue at the current \$270,000 level.

1.1 SFWG Recommendations Made in 2007

In March of 2007, by majority vote, the SFWG adopted the following set of recommendations pertaining to the Thompson and Stratton schools.

Recommendation	Status
Wait on rebuilding the Thompson School until the project is approved by the state for reimbursement.	MSBA will not approve rebuilding, but might support upgrades and renovations in the near term, as summarized in Section 3.
While waiting for the Thompson rebuild, invest \$150,000/year in maintenance and upgrades.	Town Meeting appropriated funds in the FY08 capital budget. Progress on investments is summarized in Section 2.
Review status and programs of the MSBA as they impact the Thompson School by March 2008. Consider modifications to these recommendations based on new information.	A modified set of recommendations of SFWG are found in Section 7.
Incorporate rebuilding or renovating the Thompson School in the next 5-year plan.	Discussions are ongoing regarding the next 5-year plan, but specific provisions for Stratton or Thompson schools are premature at this point.
Invest \$150,000/year for 10 years to upgrade Stratton School.	Town Meeting appropriated funds in the FY08 capital budget. Progress on investments is summarized in Section 2.
Apply for reimbursement to rebuild Stratton, while acknowledging that this is likely 10-20 years away.	The School Department submitted statements of interest (SOIs) to the MSBA for Stratton, Thompson, and the High School. Only Thompson was selected for further consideration, as summarized in Section 3.
Town Manager to investigate alternative funding for schools that could expedite the renovation or reconstruction of both Thompson and Stratton.	The Manager has looked into alternative funding sources, on the suggestion of Mr. Hurd and other members of the Board of Selectmen, as described in Section 6

2. PROGRESS ON CAPITAL INVESTMENT

The FY08 capital budget includes \$150,000 for Stratton renovations and \$120,000 for Thompson renovations. As of March 1, the School Department had expended \$38,400 at Thompson and \$107,000 Stratton. The balance will be spent over the summer.

FY08 Projects at Stratton include:

- Conversion from oil to gas heat
- Bathroom renovations
- New windows
- Cafeteria, kitchen, and teacher break room renovations

FY08 Projects at Thompson include:

- Library renovations
- Exterior walkway renovations
- Bathroom renovations
- Gym and cafeteria upgrades

In FY09, investment at both schools will focus on classroom renovations¹.

3. MSBA DEVELOPMENTS

Chapter 208 of the Acts of 2004 created a new, independent public authority - the Massachusetts School Building Authority - and ended the former School Building Assistance Program operated by the Department of Education. In 2007, the MSBA finalized its new regulations, making it clear that the Authority plans to be in the driver's seat. They oversee the space study, the enrollment projection, and they decide if districts have a need. The MSBA has encouraged central decision making by an authorized person at the municipal level. In Arlington, MSBA has chosen to work with the Superintendent of Schools as its primary point of contact.

3.1 Statements of Interest

The MSBA process began with local determination of a problem as articulated by the community in the Statement of Interest (SOI). This differs fundamentally from the old SBA program, under which the first five elementary schools were rebuilt, which began with local definition of the *solution*. The Authority did due diligence on the basis of SOIs received by the July 31st, 2007 deadline, and in November invited certain communities to proceed on six different tracks. Arlington was invited to proceed on the "Planning" track for the Thompson school.

Four hundred twenty-three (423) SOIs were submitted to MSBA by 162 different districts. Arlington submitted SOIs for Stratton, Thompson, and the High School. Ninety-one of the SOIs, including Stratton and the High School, were related to buildings that were rated 1 or 2 in the prior MSBA Needs Survey (pretty good shape to brand new schools). Over half the SOI related to elementary schools. Arlington requested full reconstruction, but many other districts requested more limited MSBA support, for roofs, boiler renovations, and other moderate repairs.

Each district was required to choose one priority on which the MSBA would focus the diagnostic process. Arlington chose the Thompson school, based on the consensus position that it is in the worst shape of the three schools submitted. Diagnostic analysis by the MSBA included:

¹ At Thompson, care will be taken to avoid renovations that the MSBA might subsequently support. MSBA has been very clear that it will not pay for work started before it approves a project, if that work is within the scope of the approved project.

1. Review of the SOI
2. Facility assessment
3. Senior study
4. Review of historical enrollment trends and forecasts
5. Review of educational programs

For Thompson, the MSBA has completed items #1, #3, and #4 to date, and has indicated that it will complete #2 and revisit #4 over the coming months to prepare for its next decision point.

3.2 Senior Study

In September of 2007, the MSBA visited the Thompson Elementary School to conduct a Senior Study. They arrived with the completed Statement of Interest Form and spent approximately 1¼ hours with Arlington’s Facilities Director Mark Miano and Chief Financial Officer Sue Mazzarella on a thorough walk through of the building interior and exterior. A report was subsequently prepared by STV and submitted to the MSBA. (Arlington has not seen this report.)

According to the MSBA, Senior Studies provided them with a comparative tool for classifying the 162 priority SOIs. MSBA found that many schools statewide are functional but “tired,” with worn interior finishes, aging mechanical systems, and a lack technology. Some schools are in worse shape, overcrowded and unable to support the required educational program.

MSBA concluded that Thompson is “tired” but not overcrowded or in the egregious physical condition of some of the other schools in the Commonwealth.

3.3 November 2007 MSBA Recommendations

On November 28th, 2007, MSBA’s Board approved recommendations for the 162 schools, summarized as follows:

Feasibility Invitation	49 schools
Repair Assessment	27 schools
Project Scope Invitation	7 schools
Planning	13 schools (including Thompson)
Regionalization Assessment	12 schools
Regional Vocational/Technical HS	9 schools
Hold	45 schools

The top three categories include the 83 schools “moving forward in the new grant Process.” For schools in the “Planning” category, MSBA provided the following guidance:

- The Statement of Interest identified issues that may warrant further action by MSBA, but were not clearly stated in the SOI or evident upon MSBA diagnostic investigations.
- Additional investigations are required to establish the extent of the problem and identify potential solution path, if needed.

Basically, MSBA feels that more work is required to determine where these schools belong, among the other categories.

Shortly after these recommendations were published, Superintendent Levenson followed up with Andy Cherullo, Chief Financial Officer of the MSBA.

- The MSBA disagreed with Arlington’s assertion that Thompson should be reconstructed from the ground up.

- But the MSBA did see a possible need for repair or replacement of certain major systems. He indicated that the MSBA might reimburse at approximately 50% the cost of renovating these major systems.
- Any approved renovations would likely be funded during the next 5 years.

3.4 Arlington's Meeting with MSBA

On February 21st of this year, Superintendent Levenson led a delegation from Arlington to meet with Sarah Young, the MSBA's Director of Facilities Programming and Planning, and other MSBA officials. In addition to the Superintendent, Arlington's delegation included CFO Sue Mazzarella, Deputy Town Manager Nancy Galkowski, Treasurer Stephen Gilligan, Finance Committee Chair Allan Tosti, Capital Planning Committee Chair Charlie Foskett, and School Committee member Ron Spangler. Senator Marzilli's Chief of Staff, Cindy Friedman, also joined the meeting. MSBA was represented by Ms. Young, Associate General Counsel Christine Nolan, Legislative Liaison Brian McLaughlin, and Mr. Dick Gale.

Ms. Young explained that, with Thompson in the "Planning" category, MSBA needs to understand the issues at the district level that will help determine how to proceed. She asked how Thompson fits into the District's plans and goals. A key unanswered question from MSBA is whether future enrollment supports the need to move forward with Thompson.

The Superintendent explained why Thompson is critical to the District's educational needs.

- **Arlington has twice voted debt exclusions** to support the rebuilding or renovation of all seven elementary schools. (Ms. Young commented that this is "very impressive.")
- The five rebuilt schools were designed under the assumption that there would be seven. There is not sufficient room system-wide to consolidate. **There are only two unused K-5 classrooms system-wide.**
- Most students can walk to school, so **the District does not have to provide transportation** within its perennially tight operating budget.
- **Arlington is creating new in-district Special Education programs** to reduce the number of students who have to leave the district to receive the services they need. The goal is to bring half (50) of these children back into the district. This will reduce our costs. It will also require the equivalent of eight to nine new classrooms.
- **We see 1—2% elementary enrollment growth** for the foreseeable future, driven in part by a generational changeover in homeownership. New families are drawn to Arlington by its relative affordability and good schools. There could be a need for as many as five new classrooms due to K-5 enrollment growth.

We also discussed the condition of the Thompson building. The Superintendent pointed to leaky windows, a very old boiler, a leaky roof, a tiny library and a kindergarten wing that is not well configured for its educational mission. Ms. Young said the Senior Study pointed to the windows and part of the roof, but did not recall if the heating system or other factors were cited. She reiterated that MSBA does not see a pressing need for a complete rebuild of the school. But she agreed that there is a need to do the more detailed Facilities Assessment (a 2-3 day onsite effort) to help determine where MSBA should go with Thompson.

3.5 Next Steps

At the February meeting, MSBA described the process to be followed from here.

- MSBA will revisit its enrollment projections for Arlington, including input data we provide.
- MSBA will conduct a detailed Facilities Assessment of Thompson.
- Using this information, MSBA will make a recommendation to its Board on whether Thompson should progress to a Feasibility Study.
- If that recommendation is favorable, MSBA and Arlington would work together to define the project scope. We expect this feasibility study would not begin until at least early 2009.

MSBA has stated that we are at least two years away from completing these steps and moving into the Design/Build phase at Thompson— assuming we get that far. However, MSBA indicated that Arlington could continue the \$120,000 per year of self-funded capital investment in Thompson while this process unfolds, and not be penalized for it. Their lawyer cautioned us that anything we do on our own will not be eligible for subsequent MSBA reimbursement.

4. COMMUNITY INPUT

The community has been a key driver of this process going back to the debt exclusion votes in 1998 and 2000. Since 2003, the School Facilities Working Group has continued this practice, adding community representatives to its membership.

Over the past year, Thompson, parents formed a Task Force to ensure that community wants and desires for their facility are well articulated and given appropriate weighting in the decision-making process. The Thompson Task Force has worked with Principal Sheri Donovan and the Administration to plan the improvements budgeted in FY08, and is expected to continue its work in FY09. At Stratton, Principal Alan Brown has used the School Council as the primary mechanism for community involvement.

In January, Superintendent Levenson and School Committee member Spangler held an informational meeting at the Thompson school, as required by Town Meeting's vote in 2006. The meeting focused on MSBA's indication that support for a complete rebuild was out of the question, but support for major systems repair/replacement was possible. Subsequently (in March) the Thompson Task Force decided to support pursuing funds for upgrades from MSBA rather than wait 10+ years for MSBA support of a total rebuild. The needs and desires of the Thompson community will be an important factor in determining the scope of those upgrades over the next year or so.

The MSBA will not touch Stratton for a very long time, so the (relatively) near-term rehab of that school will be completely up to Arlington to plan, fund, and execute. As with Thompson, the input of the Stratton community will be essential to this planning process. The SFWG will hold an informational meeting at Stratton before the end of the present school year, again as required by Town Meeting's 2006 vote.

5. PERMANENT TOWN BUILDING COMMITTEE STUDY

The School Committee, School Department, SFWG (and MSBA, should they decide to fund renovations at Thompson) will work together to define the strategic goals and scope of the renovation projects. When the scope and budget of the Stratton and Thompson projects are properly specified, it will become the PTBC's responsibility to oversee the design/build phase of each project.

This past year, the PTBC independently commissioned a professional assessment of the state of the Thompson school facility, and how Arlington might proceed with the MSBA. This study was not part of the SFWG's 2007-08 efforts, and SFWG has taken no position on its methodology and findings. However, it is relevant to the present discussion, and its conclusions are summarized below.

- a. DPC's review of current conditions at the school does not support a compelling case that the Thompson needs to be replaced.
- b. DPC's review does show the need for significant systems repair and replacement. It also shows that at least a modest increase in available educational space, specifically for the library and small group instruction space (for Special Education and remedial education) is needed.
- c. State regulations (521 CMR) require that a public building be made fully accessible if the cumulative value of work done in any 3-year period equals or exceeds 30% of the "full and fair cash value" of the building. If it becomes necessary to make the Thompson School fully accessible, this will involve substantial cost.
- d. The basic needs of the Thompson School might be satisfactorily met with a selective renovation and alteration project. If such a project can satisfactorily address the Thompson's educational needs, it seems there is some likelihood that this approach can also address the district-wide equity concerns regarding the Thompson School.
- e. There is some reason to expect MSBA to be receptive to the idea of funding a renovation project that goes beyond selective systems replacement to include modest alterations to address specific space needs deficiencies.

6. CAPITAL PLANNING COMMITTEE FUNDING STRATEGY

The Capital Planning Committee has proposed a strategy to fund significant improvements at both the Stratton and Thompson over the next five to ten years. The strategy is based on massing all the financial resources available in Arlington for potential expenditures at the two schools, while continuing to seek support from the MSBA for improvements at Thompson.

The sources of funds identified at this point include unexpended, unencumbered funds from the elementary Rebuild program, the remaining untapped debt exclusion funds available within our commitment to voters, funds from the sale of certain existing Town assets, certain refunds the Treasurer believes he can obtain from the MSBA and the currently forecast ten year program within the Capital Plan.

7. CONCLUSIONS AND RECOMMENDATIONS FOR 2008-09

Much has been accomplished this year, and the momentum continues to build. We have established a strategy to keep the promise made to the Stratton and Thompson communities as part of the Rebuild campaign a decade ago, and now we must work together to determine how to move forward. The SFWG recommends the following actions for the next year.

1. Work with MSBA to demonstrate how important a renovated Thompson school is to meeting Arlington's educational needs.
 - Provide inputs to MSBA's enrollment projection (in May)
 - Support MSBA's Facility Assessment (expected later this year)In the near term, the critical path runs through the MSBA. We must focus all the resources of the town on achieving success there.
2. Appropriate funds for the Feasibility Study (definition of project scope for Thompson and Stratton) to be conducted after the MSBA decides whether to proceed with Thompson.
3. Create a 10-year "needs and solutions" capital plan (project scope) for both the Thompson and Stratton, in conjunction with the MSBA (as appropriate), a professional facilities planner, and the community.
4. Continue to invest in capital upgrades to the Stratton and Thompson facilities, at the FY08 level of \$270,000. At Thompson, FY09 investments should be directed to areas that are highly unlikely to receive subsequent support from MSBA.
5. Work with the School Committee, School Department, Redevelopment Board, Planning Department, and Town Manager to study and plan for the disposition of the Crosby and Parmenter school buildings.

Risks and Mitigation:

Risk: MSBA's enrollment projection and facilities assessment may lead it to decline to fund any changes at Thompson.

Mitigation: 1) Re-iterate the case for increasing space needs on the form provided by MSBA for submission of data inputs to their enrollment projections. 2) Hand-deliver that form to MSBA, and explain the special circumstances (as in Section 3.4) in person. 3) Use Arlington's legislators to arrange a meeting with MSBA Executive Director Craven to present our new approach (repair and rehab vs. the knock down and rebuild we requested in our SOI).

Risk: The state building code may limit the value of rehab/repair work we can do at these schools before triggering expensive measures to achieve compliance with the codes. The codes are being revised and the trigger may soon drop from 30% of full and fair cash value to 15%.

Mitigation: TBD (may have to spread the projects over several years to avoid triggering code compliance, but should study the true costs of complying with code as well).